

Message Text

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PAGE 01 CAIRO 10531 051424Z

46

ACTION NEA-10

INFO OCT-01 AF-08 EUR-12 ISO-00 SAM-01 SAB-01 SSM-05

AID-05 CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00

USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 ACDA-10

AGR-10 INT-05 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01

/155 W

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R 051348Z AUG 76

FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 5830
INFO AMEMBASSY KHARTOUM
AMEMBASSY THE HAGUE
AMEMBASSY VIENNA

UNCLAS CAIRO 10531

EO 11652: NA

TAGS: EAID EG

SUBJECT: AUSTRIAN AND DUTCH ECONOMIC ASSISTANCE TO EGYPT

1. RECENT PRESS REPORTS IN CAIRO INDICATE APPROVAL
OF DUTCH AND AUSTRIAN PROJECT CREDITS FOR EGYPT.
AUSTRIA REPORTEDLY WILL PROVIDE \$100 MILLION IN EXPORT
FINANCING AND THE NETHERLANDS, GULDERS 7.3 MILLION
FOR CANAL CONSTRUCTION IN COMBINED EGYPTIAN-
SUDANESE PROJECT. AUSTRIAN FUNDING IS IN
CONJUNCTION WITH \$50 MILLION IN BANK MISR CAPITAL
AND IS INTENDED, ACCORDING TO PRESS, FOR BRICK
FACTORIES AND AGRICULTURAL ENTERPRISES.

2. AUSTRIAN EMBASSY TELLS US THAT PROJECT FINANCING
AGREEMENT, WHICH PROVIDES EXIM BANK-TYPE CREDITS,
HAS BEEN SIGNED AS EXPRESSION OF CHANCELLOR KREISKY'S
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PERSONAL INTEREST IN EGYPT. EMBASSY OFFICIAL NOTED,

HOWEVER, THAT ONLY TWO RELATIVELY SMALL COMMERCIAL CREDITS, FOR CONSTRUCTION MATERIALS AND FOR IRON AND STEEL INDUSTRY MACHINERY, HAVE BEEN DRAWN FROM EARMARKED FUNDS; OTHER PROJECTS ARE UNDER DISCUSSION.

3. DUTCH FINANCING FOR JONGLEE CANAL PROJECT REPORTEDLY IS CONTINGENT UPON ACCEPTANCE BY SUDANESE GOVERNMENT, AS WELL. PROJECT WAS ORIGINALLY AGREED BY EGYPT AND SUDAN IN MID-1975. IT IS TO ENCOMPASS JOINT BRIDGE AND CANAL CONSTRUCTION ACTIVITIES ON WHITE NILE AT TOTAL ESTIMATED COST OF \$190 MILLION. LITTLE OR NO PROGRESS HAS BEEN MADE AS FAR AS WE KNOW, BUT RECENT EVENTS IN SUDAN AND RESULTANT CLOSER EGYPTIAN-SUDANESE RELATIONS MAY HAVE GIVEN PROJECT NEW IMPETUS. BILATERAL AGREEMENT WAS SIGNED JULY 21 CALLING FOR IMPLEMENTATION OF JONGLEE CONSTRUCTION, AMONG OTHER AGRICULTURAL AND IRRIGATION PROJECTS.

MATTHEWS

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Margaret P. Grafeld
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